

**MINUTES
of the
THIRD MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**August 27, 2015
Los Lunas Transportation Center
Los Lunas Transportation Department
751 Perea Road
Los Lunas**

The third meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Alonzo Baldonado, chair, on August 27, 2015 at 10:06 a.m. at the Los Lunas Transportation Center in Los Lunas.

Present

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley

Absent

Sen. Stuart Ingle
Rep. James Roger Madalena

Advisory Members

Rep. Bealquin Bill Gomez
Sen. Richard C. Martinez

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Guest Legislator

Rep. Miguel P. Garcia

Staff

Celia A. Ludi, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Thursday, August 27

Representative Baldonado welcomed members of the committee, staff and guests to the meeting and requested that members of the committee introduce themselves. Representative Baldonado then recognized Senator Michael S. Sanchez, who welcomed everyone to Belen, which is part of his district. Representative Baldonado introduced Adrienne Kozacek, interim county manager for Valencia County; Jacobo Martinez, community development director, Valencia County; and Christina Ainsworth, community development director, Village of Los Lunas.

Approval of Minutes

The minutes of the July 24, 2015 meeting were approved without objection.

Other Legislative Matters

Jay Czar, executive director, New Mexico Mortgage Finance Authority (MFA), explained that Housing Matters is a loosely organized group brought together by Steve Anaya that includes the Realtors Association of New Mexico, the New Mexico Mortgage Lenders Association, the New Mexico Homebuilders Association and the New Mexico Land Title Association to improve the quality of housing in New Mexico. The members of the group support the others' missions and share information about legislative needs and issues statewide.

Mr. Czar informed the committee that the MFA Board had just had its retreat, at which it reviewed the MFA's products and services to make sure they are available to a wide variety of New Mexicans. He reminded the committee of the MFA's upcoming fortieth anniversary open house following the September 17 meeting.

Senator Daniel A. Ivey-Soto and Randy Traynor, Greater Albuquerque Area Realtors, discussed three bills (House Bill (HB) 380, Senate Bill 491 and HB 320) introduced in the 2015 regular session that would have amended provisions in the Homeowner Association Act. HB 320 was passed and signed by the governor; it prohibits homeowner associations from adopting or enforcing restrictions related to the flying or displaying of flags that are more restrictive than the applicable federal or state law or county or municipal ordinance. The other two bills, which addressed, among other things, concerns expressed by homeowners about the fees allowed to be charged by associations for the disclosure certificates that homeowner associations are required to provide when a home is sold, did not pass. Senator Ivey-Soto and Mr. Traynor explained that the two primary issues with homeowner associations are governance and transaction disclosures, which are closely aligned but not the same. The issues are complicated by the variation in size among associations, which often means that smaller associations are self-managed by volunteer homeowners and larger associations are managed by professional management companies. The fees charged by the associations for various purposes are the most common cause of complaints

by homeowners against associations, and they often can only be resolved by litigation, which is lengthy, time-consuming and expensive. In the case of fees for disclosure certificates, litigation is an unsatisfactory solution because the certificates are required before the sale of a house can close. Fees of \$400 or more are not uncommon, and many homeowners and Realtors feel that fees should be capped at somewhere around \$150 because the information required by the certificates is standard information that is also required to be kept by the association and requires no special research to provide. They are working on a bill that would address these issues and others that arose during the hearing process.

Senator Ivey-Soto next explained that HB 551 was introduced in the 2015 regular session and did not pass both houses. HB 551 would have addressed the lack of regulation and meaningful certification of home inspectors by enacting the Home Inspector Licensing Act. He noted that, although there is no statutory requirement for inspection of a home prior to sale, as a rule, lenders require an inspection as a condition of providing financing. The current state of the industry is that there are no qualification standards for inspectors, no requirements that they provide any kind of indemnification through such mechanisms as bonding for damage they may cause during an inspection or for erroneous identification or omission of issues and no fiduciary duty to the homeowner purchasing their services. Senator Ivey-Soto informed the committee that he is working with others on a bill that would address these issues.

Affordable Housing Act Presentation

Nicole Sanchez, program manager, MFA, provided an overview of the Affordable Housing Act, the MFA's role in reviewing and approving affordable housing plans and ordinances adopted by local governments that implement it, and she described the affordable housing plan developed jointly by the Village of Los Lunas and Valencia County. Her presentation is item (2). In response to a question from a committee member, Jacobo Martinez informed the committee that Valencia County is in the process of getting the necessary ordinances passed so it can start implementing the plan.

Public Comment

Lance Ellis, representing the American Society of Home Inspectors (ASHI) New Mexico, informed the committee that there are federal guidelines for home inspectors and that ASHI New Mexico supports licensure and certification requirements for home inspectors but does not believe it appropriate for that process to be controlled by the Realtor board. He noted that of 35 states that issue licenses and certification of home inspectors, California is the only one that has its own agency for the purpose, and ASHI New Mexico strongly encourages New Mexico to follow California's lead.

Adjournment

There being no further business before the committee, the third meeting of the Mortgage Finance Authority Act Oversight Committee for the 2015 interim adjourned at 12:27 p.m.